

Message Text

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PAGE 01 NEW DE 06551 261700Z
ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 OMB-01
CIAE-00 INR-10 NSAE-00 /030 W
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R 261018Z APR 78
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 1197
INFO AMCONSUL BOMBAY
AMCONSUL CALCUTTA
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LIMITED OFFICIAL USE NEW DELHI 6551

E.O. 11652: N/A
TAGS: BTRV, EINV, IN, US
SUBJECT: KAISER ALUMINUM DISINVESTMENT IN INDIA

REF: STATE 091873

1. KAISER ALUMINUM EXECS. MENTIONED REFTTEL, LED BY V.P. ALLEN HOLBROOK, CALLED ON COMMERCIAL COUNSELOR APRIL 25 AFTER HAVING NEGOTIATED WITH GOI OFFICIALS FOR SEVERAL DAYS CONCERNING KAISER ALUMINUM PLANNED DISINVESTMENT FROM ITS 27 PERCENT OWNERSHIP OF HINDUSTAN ALUMINUM (HINDALCO).

2. HOLBROOK REPORTED REASONABLY FAVORABLE RECEPTION KAISER PROPOSALS BY CONTROLLER CAPITAL ISSUES GANESAN, SECRETARY COMPANY AFFAIRS P. KRISHNAMURTY AND SECRETARY INDUSTRIES S. MARATHE. PRESENT KAISER PLANS CALL FOR DISINVESTMENT ON PRO RATA BASIS TO OTHER PRESENT SHAREHOLDERS (27 PERCENT BIRLA, 10 PERCENT LIFE INSURANCE CORPORATION AND REMAINDER SHARES WIDELY HELD BY PUBLIC). DISINVESTMENT ON THIS BASIS, OF COURSE, MUCH MORE ACCEPTABLE TO GOI THAN SALE OF ALL KAISER SHARES TO BIRLA AS A "MONOPOLY HOUSE". KAISER GROUP WILL BE DRAFTING APPLICATION FOR DISINVESTMENT OVER NEXT FEW DAYS WITH ASSISTANCE LOCAL ATTORNEYS AND WILL GO
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PAGE 02 NEW DE 06551 261700Z

TO BOMBAY FOR DISCUSSIONS WITH RESERVE BANK.

3. AT THIS POINT, WE FORESEE NO PARTICULAR DIFFICULTIES FOR KAISER PLANS, EXCEPT USUAL HAGGLING WITH GANESAN OVER SHARE EVALUATION. DURING PRELIMINARY DISCUSSIONS GOI OFFICIALS MENTIONED DESIRABILITY OF SOME KAISER EQUITY BEING OFFERED FOR SALE TO HINDALCO PLANT WORKERS (PERHAPS IN LINE WITH GENERAL POLICY MIN INDUSTRIES

FERNANDES FOR GREATER WORKER PARTICIPATION IN INDUSTRY). NEITHER KAISER NOR BIRLA AVERSE TO SUCH AN OFFER.

4. ALTHOUGH, AS STATED REFTTEL, BASIC KAISER DISINVESTMENT DECISION BASED ON GENERAL CORPORATE POLICY, KAISER'S LOW RATE OF RETURN, AFTER TAXES, ON INVESTMENT IN INDIA WAS CONTRIBUTORY FACTOR IN DECISION TO PULL OUT OF INDIA, ACCORDING HOLBROOK AND TEAM. KAISER WILL, HOWEVER, CONTINUE TECHNOLOGICAL COOPERATION WITH HINDALCO
GOHEEN

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Message Attributes

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Concepts: BUSINESSMEN, VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
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